REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE

1. Introduction

Over the past 32 years, the EU has developed a comprehensive set of substantive consumer rights that protect and empower consumers when they engage in economic activities in the EU’s Single Market. For example, EU consumers have the right to return a product bought online within 14 days or to have a product repaired or replaced within a guarantee period. Those rights inform consumers’ expectations and their respect by businesses is an enabler for trusted and competitive retail markets and a driver for economic growth in the Union. In order to deliver those benefits for consumers, businesses and the Single Market as a whole, EU consumer law needs to be respected and, where that is not the case, enforced.

Alongside the body of substantive consumer law, EU policy-makers have therefore developed a set of legislative and non-legislative tools that aim to make the enforcement of consumer rights in the Member States more effective (‘EU enforcement toolbox’). Consumer alternative dispute resolution (ADR), i.e. the resolution of consumer disputes through out-of-court dispute settlement mechanisms, is a key component of that toolbox. It first became known in Europe in the late 1960s and starting from the 1990s became a growing phenomenon in a greater number of Member States. EU policy-makers addressed consumer ADR at first through non-binding standards and sector-specific legislation requiring Member States to encourage or ensure access to out-of-court dispute resolution mechanisms. With Directive 2013/11/EU on alternative dispute resolution for consumer disputes (ADR Directive) and Regulation (EU) No 524/2013 on online dispute resolution for consumer disputes (ODR Regulation) a horizontal legislative framework for consumer ADR and ODR was established.

As announced in the Commission’s Communication ‘A New Deal for Consumers’, strengthening this consumer ADR/ODR framework is a priority in the Commission’s endeavour to complement the EU enforcement toolbox, make the existing enforcement tools fully effective and make EU consumer law deliver its full potential.

---

1 As recalled in the Commission’s Communication ‘A New Deal for Consumers’ of 11 April 2018 (COM[2018] 183 final), consumer spending accounts for 56% of Europe’s GDP and data from the Commission’s Consumer Scoreboards show a consistently positive correlation between consumer conditions and the economic situation in different Member States.

2 An indicative overview of the tools in the EU enforcement toolbox is provided in Annex I.


This report is submitted in accordance with Article 26 of the ADR Directive and Article 21(2) of the ODR Regulation. It assesses the application of the legal framework for consumer ADR and ODR established under the two legal instruments based on the following sources of information:

- Member States’ legislation implementing the ADR Directive;
- Reports by Member States’ national competent authorities for consumer ADR (‘national competent authorities’) on the development and functioning of ADR entities, submitted in 2018 in accordance with Article 20(6) of the ADR Directive;
- Meeting with national competent authorities on 20 November 2018;
- Results of the ADR Assembly (11-12 June 2018)\(^8\) and other stakeholder events hosted by the Commission\(^9\);
- 2017 and 2018 reports on the functioning of the European ODR platform (‘ODR Reports’)\(^10\), submitted in accordance with Article 21(1) of the ODR Regulation;
- Activity reports by Member States’ ODR contact points, submitted in 2018 in accordance with Article 7(2)(b) of the ODR Regulation;
- Meetings with the ODR contact points network; and
- other sources.\(^11\)

Comprehensive consumer ADR landscapes across the Union have been established only since the end of 2018\(^12\) and data on the use of ADR was therefore limited.

2. The EU legislative framework for consumer ADR and ODR – objective and main features

Settling consumer disputes out of court holds considerable potential for consumers, retailers and the administration of justice in general. Access to easy, fair and cost-effective alternative dispute resolution strengthens consumers' trust when buying from retailers, in particular in an online environment. The less formal and typically conciliatory nature of ADR procedures allows the parties to maintain their customer relation even after a dispute has arisen. By engaging in ADR procedures, retailers receive important feedback on the quality of their products and services and gain an edge over their competitors by saving the costs of court proceedings and demonstrating high standards of customer care. An effective landscape of ADR entities furthermore alleviates the burden on courts, in particular as regards low-value disputes. Directive 2013/11/EU and Regulation (EU) No 524/2013 aim to tap that potential by providing a legislative framework that ensures that consumers have access to high-quality

---

\(^8\) The ADR Assembly, a two-day networking event with interactive workshops, brought together more than 350 representatives of the European ADR community, including consumer and business representatives, regulators, academics and 187 representatives from ADR bodies. The event triggered further cooperation initiatives at Member State level (e.g. ADR networks, ADR Assemblies at national level).

\(^9\) E.g. Launch event for TRAVEL_NET, a network of ADR entities handling consumer disputes in the passenger transport and travel sectors (Berlin, 10 November 2017); Roundtable with key retailers of the clothing and footwear industry (Brussels, 13 December 2017).


\(^11\) E.g. citizens’ complaints submitted to the Commission; user feedback on the ODR platform; ADR/ODR communication campaigns carried out by the Commission; annual activity reports by ADR entities; conferences; studies; academic publications.

\(^12\) See below, section 3 c).
ADR procedures for settling their contractual disputes with traders, including via a multilingual web-based ODR platform.

a) Directive 2013/11/EU

Under the Directive, Member States facilitate EU consumers’ access to ADR and ensure that they can turn to quality-certified ADR entities to resolve their disputes with an EU trader over the purchase of a product or a service. This covers domestic and cross-border consumer-to-business disputes throughout the Union and in virtually all retail sectors (‘full ADR coverage’), irrespective of whether the purchase was made online or offline. The Directive establishes the principles of accessibility, expertise, independence, impartiality, transparency, effectiveness, fairness, liberty and legality as binding quality requirements for ADR entities, the ADR procedures operated by them and – to a lesser degree – the substantive standards from which the outcome of the ADR procedure is derived. Compliance is ensured through a specific certification and monitoring mechanism: Member States designate national competent authorities that establish and maintain national lists of ADR entities whose compliance with the Directive’s quality requirements they have certified. The national lists of certified ADR entities is notified to the Commission. National competent authorities monitor ADR entities’ compliance on an ongoing basis and only compliant ADR entities can remain listed. Under specific circumstances, traders are obliged to inform consumers about the ADR entity or ADR entities that is/are competent to deal with disputes involving them.

The Directive pursues a minimum harmonisation approach. It does not prescribe a specific model in terms of the ADR entity’s corporate identity, funding model or territorial and sectoral coverage. Equally, the Directive does not prescribe a specific type of ADR procedure or regulate the question of whether participation in the procedure is voluntary or mandatory or whether the procedure’s outcome is binding or not. Given the Directive’s

---

13 See Article 5(1) of the ADR Directive. The provision requires Member States not only to provide the availability of a comprehensive national infrastructure of ADR entities, but also to facilitate consumers’ access to that infrastructure.
14 The quality requirements are set out in chapter II of the Directive (Articles 5 to 12).
15 See Article 13 of the ADR Directive.
16 Public or private.
17 Public, private or mixed.
18 I.e. whether the ADR entity handles disputes against traders established in all or only in part of the regions of the respective Member State’s territory; whether it handles consumer disputes in all or only in specific retail sectors.
19 Complaints board, conciliation, mediation, ombudsman, arbitration or other, including combinations of the aforementioned types of procedures. It should be noted that in the EU there is no common terminology for distinguishing various types of ADR procedures and the concepts behind the relevant terms. For example, the concepts behind the terms ‘mediation’ or ‘ombudsman’ vary considerably from Member State to Member State. The ADR Directive therefore uses a typological approach to describing different types of ADR procedures while avoiding to use the aforementioned terms (see Article 2 of the ADR Directive).
20 The second sentence of Article 1 of the ADR Directive clarifies that while the Directive establishes, at EU level, a system of voluntary ADR, Member States are free to make participation in ADR procedures mandatory at national level – provided that relevant national legislation does not prevent the parties from exercising their right of access to the judicial system.
21 The outcome of an ADR procedure can be binding, for example, by way of its res judicata effect (as is the case in consumer arbitration procedures); by way of the trader’s membership in a business association whose articles of incorporation contain a relevant commitment for its members; by way of a commitment made by
minimum harmonisation approach, Member States may establish or maintain quality requirements that go beyond those laid down in the Directive. In complying with their obligation to ensure ‘full ADR coverage’ and designing their national ADR landscapes, Member States therefore enjoy a considerable degree of flexibility.

b) Regulation (EU) No 524/2013

The ODR Regulation builds on the infrastructure of quality-certified ADR entities established under the ADR Directive and applies to consumer disputes over purchases of products or services made online. It aims to enhance specifically the digital dimension of the Single Market.

Under the Regulation, the Commission establishes and maintains a European ODR platform. The ODR platform is a multilingual interactive website that allows consumers to submit online their consumer-to-business disputes over (domestic or cross-border) online purchases. It informs the parties on the quality-certified ADR entity or entities which is/are competent to handle their case and transmits the dispute to the ADR entity on which the parties have agreed. The ADR entity has then the possibility to use the platform's case management tool and handle the case online on the platform. If the parties do not agree on an ADR entity within 30 days from submission of the complaint, the case is automatically closed on the platform. An automatic closure is without prejudice to the consumer’s possibility to pursue his or her complaint outside the platform (e.g. by submitting the complaint directly to an ADR entity).

The users of the platform are assisted by a network of ODR contact points that provide information and assistance in particular on the use of the ODR platform, ADR entities, consumer rights and other means of redress. Each Member State designates an ODR contact point that hosts at least two ODR advisors. The national ODR contact points cooperate with each other in a network managed by the Commission. Online traders and online marketplaces are required to include on their websites an electronic link to the ODR platform. Online traders are furthermore obliged to provide their e-mail address.

The Regulation also applies to disputes initiated by a trader against a consumer (business-to-consumer disputes) insofar as the consumer’s Member State of habitual residence allows for such disputes to be resolved through an ADR entity.

---

22 See Article 2(3) of the ADR Directive.
23 The rationale is that Member States are best placed to assess which ADR model works best in which retail sector and to allow them to build, where appropriate, on their pre-existing consumer ADR traditions, cp. recital 15 to the ADR Directive.
24 For an indicative graph on the platform’s workflow, see the first ODR Report, COM(2017) 744 final, at p. 2.
25 The Regulation requires ODR contact points to provide their services in cross-border cases, while Member States have the regulatory choice to require ODR contact points to provide part or all of their services also in domestic cases.
26 For successfully submitting a complaint on the European ODR platform, the consumer needs to state the online trader’s e-mail address. Online traders who are already registered in the ODR platform can be selected by the consumer from a list.
27 See Article 2(2) of the ODR Regulation.
3. The application of Directive 2013/11/EU

a) Transposition by Member States

Article 25(1) of the ADR Directive required Member States to bring into force the laws, regulations and administrative provisions necessary to comply with the Directive by 9 July 2015. The Commission supported the implementation process by establishing an ADR Expert Group that met four times between 2013 and early 2015. However, a considerable number of Member States failed to communicate national implementing measures on time. As a result of its compliance assessment, the Commission initiated infringement proceedings for (partial or complete) non-communication of implementing measures against 16 Member States. All Member States concerned subsequently notified complete implementation of the Directive. Following an additional transposition check that confirmed complete transposition, the Commission closed all infringement proceedings. The Commission furthermore opened structured dialogues (EU Pilot) with two Member States. Both EU Pilots were subsequently closed.

On 1 July 2017, the ADR Directive became applicable in the EEA countries Iceland, Liechtenstein and Norway. Iceland has not yet communicated transposition of the Directive.

b) Design of national ADR regimes

Member States have made different use of the leeway the Directive affords to them in the implementation of its provisions. Most Member States have opted for an open list of ADR entities, i.e. a system where dispute resolution bodies requesting to be certified as ADR entities are certified if they comply with the Directive’s quality requirements as transposed into national law. A limited number of Member States follow a closed list approach where a complete list of ADR entities is provided in the implementing legislation and no further ADR entities can be certified. In some Member States with an open list of ADR entities the implementing legislation requires certain public dispute resolution bodies to be come certified as ADR entities.

Most Member States recognise all types of procedures covered by the Directive as possible ADR procedures. A limited number of Member States however have excluded consumer arbitration from the scope of their implementing legislation. Only few Member States have

---

28 The ADR Expert Group was composed of experts designated by the Member States. Representatives from EEA countries which are not Member States and from the Secretariat of the European Parliament also participated in all or part of the meetings.

29 One Member State repealed its initial and enacted new, fully compliant implementing legislation. In the second EU Pilot case the Commission’s initial concerns were allayed through the dialogue with the Member State.

30 The EFTA Surveillance Authority therefore brought proceedings against Iceland before the EFTA Court.

31 An example is Austria.

32 An example is Poland where the implementing legislation requires the Energy Regulatory Office, the Office of Electronic Communications, the Financial Supervisory Authority, the Financial Ombudsman, the Rail Transport Office and the Trade Inspectorate to provide ADR services and become certified as ADR entities.

33 An example is France. The German implementing legislation excludes procedures where a solution is imposed on the consumer or that exclude the consumer’s right of access to the courts.
made use of the possibility provided for in Article 2(2)(a) of the ADR Directive to recognise company conciliators (‘médiateurs d’entreprise’) as possible ADR entities.\(^{34}\)

While in a majority of Member States the implementing legislation reflects the level of consumer protection afforded by the Directive’s quality requirements, a number of Member States have established additional or more stringent quality requirements – either in the implementing legislation itself or by endowing their national competent authorities with the power to establish additional or more stringent requirements for the ADR entities under their supervision.

**Examples of additional or more stringent quality requirements at national level**

- **Article 6(a)** of the ADR Directive provides that the natural persons in charge of ADR shall ‘possess the necessary knowledge and skills in the field of alternative dispute resolution, as well as a general understanding of the law’. The German implementing legislation requires in addition that those persons be fully qualified lawyers or certified mediators. The Czech implementing legislation requires a university or master’s degree in law. Similarly, Poland has established specific additional requirements regarding the qualification of the persons in charge of ADR in certain public ADR entities.\(^{35}\)
- **Article 8(c)** of the ADR Directive provides that the ADR procedure shall be free of charge or available at a nominal fee for consumers. Under the Czech, Spanish, French, Lithuanian and Finnish implementing legislation consumer ADR is always free of charge for the consumer. Slovakian implementing legislation limits fees for consumers to EUR 5, Danish implementing legislation to DKK 100.
- **Article 8(e)** of the ADR Directive stipulates that in the case of highly complex disputes, the 90-day period for completing the ADR procedure can be extended at the discretion of the ADR entity. Belgian law establishes in addition that the 90-day period can be extended only once (to a maximum of 180 days), Portuguese law that it can be extended only twice (to a maximum of 270 days).
- The UK Civil Aviation Authority, one of the UK’s national competent authorities, has published a ‘Guidance for ADR Applicants’ that establishes a number of quality requirements that exceed those stipulated in the UK’s implementing legislation.\(^{36}\)

**Box 1**

c) Design of national ADR landscapes

According to Article 24(2) of the ADR Directive, Member States had to communicate to the Commission their first list of ADR entities by 9 January 2016. As a consequence of their late transposition of the Directive, many Member States were late also in notifying their lists of

---

\(^{34}\) Examples are Spain and France.

\(^{35}\) Cp. above, footnote 32. For example, the persons in charge of ADR in the Polish Financial Ombudsman are required to hold a degree in law or higher economic education.

\(^{36}\) The Guidance is available at [http://publicapps.caa.co.uk/docs/33/CAP1324-July2018-Feb2019Amends-FINAL.PDF](http://publicapps.caa.co.uk/docs/33/CAP1324-July2018-Feb2019Amends-FINAL.PDF).
ADR entities. Virtually full territorial and sectoral ADR coverage was achieved only at the end of 2018. To date, all Member States, Liechtenstein and Norway have notified a total of 460 ADR entities.

ADR landscapes are highly diverse across Member States, in particular as regards the number of certified ADR entities and ADR models in terms of corporate identity, funding, coverage and type of ADR procedure operated. Furthermore, there is variation within specific ADR models. For example, while some privately incorporated ADR entities are of a not-for-profit character, others are geared towards making profit. In most Member States there is one or more residual ADR entities that are competent for consumer disputes not covered by another ADR entity.

Examples of diversity of national ADR landscapes

- Romania has notified only one ADR entity that covers consumer disputes in all retail sectors. Being a public body, the ADR entity is of a not-for-profit character.
- France has notified 99 sector-specific ADR entities that include three public bodies, 43 company conciliators (‘médiateurs d’entreprise’), 27 ADR entities annexed to an association or federation, 24 associations of mediators and two commissions of collegial mediation. Some of the privately incorporated ADR entities are geared towards making profit. In keeping with the French implementing legislation, none of the French ADR entities operate a procedure where a solution is imposed on the parties.

Box 2

The diversity of the national ADR landscapes manifests itself also in differences regarding national competent authorities. Most Member States have appointed only one national competent authority. The role of national competent authority has mostly been assigned to the authorities in charge of consumer policy or to sectoral regulators. In France, a specific body was established to perform the function of national competent authority: the Evaluation and Monitoring Commission for Consumer ADR (‘Commission d’Évaluation et de Contrôle de la Médiation de la Consommation’). Certification procedures and monitoring practices differ between Member States. Most national competent authorities operate a standard certification procedure triggered by the informal application by a dispute resolution body wishing to be certified as an ADR entity. National competent authorities’ monitoring obligations are mostly performed on the basis of ADR entities’ annual activity reports and information from complaints. However, national competent authorities in some Member States also regularly exchange information with the ADR entities under their supervision.

---

37 Limited punctual gaps in ADR coverage currently still exist.
38 In some of the Member States with residual ADR entities the residual entity can also handle disputes for which ADR coverage is already ensured through a sector-specific ADR entity.
39 Member States that have chosen to designate more than one national competent authority are Germany, Spain, Italy, Lithuania, the Netherlands, Austria and the UK.
40 E.g. by holding national ‘ADR Assemblies’ that convene all certified ADR entities in the Member State concerned.
and/or conduct regular audits. In the Member States with more than one national competent authority there are varying degrees of domestic coordination and cooperation between the national competent authorities. While in some of those Member States the national competent authorities operate more or less independently of each other, other Member States provide for regular coordination and exchange of best practice.

d) Impact of the ADR Directive and uptake of consumer ADR in the Member States

The Directive has consolidated and complemented consumer ADR in the Member States, and upgraded its quality. Member States with previously no ADR culture have added consumer ADR to their national consumer dispute resolution landscapes. In the Member States where ADR already existed, the Directive was a trigger to review the effectiveness of the previous ADR structures and complement and upgrade them to match the Directive’s full coverage and quality requirements. Pre-existing consumer dispute resolution bodies wishing to be certified as ADR entities were prompted to review their organisation, procedure and case handling processes. Dispute resolution bodies improved their websites, adapted their organisation and procedures or changed their governance structure. Overall, the transparency of ADR entities and procedures has increased considerably, case handling times have been reduced, ADR entities offer more staff training and users are more satisfied with the services provided by ADR entities. The establishment of high-quality ADR infrastructures has also provided an incentive for traders to review and improve their internal complaint handling processes.

The transparency requirements for ADR entities, in particular the requirement to publish annual activity reports, as well as the certification and monitoring mechanism provide an important incentive for ADR entities to review their performance on an ongoing basis. Similarly, national competent authorities’ obligation to report on their national ADR landscape contributes to a regular review of the overall effectiveness of consumer ADR in the Member States. Based on the first experiences under the new regulatory framework, discussions on possible adaptations of the national ADR landscapes and identifying best practice in delivering consumer ADR are currently ongoing in a number of Member States. These discussions are increasingly of a cross-border reach, with design choices successfully

---

41 An example is Belgium where the national competent authority conducts once a year ‘full audits’ of two certified ADR entities and ‘mini audits’ of all other certified ADR entities. Full audits evaluate ADR entities’ compliance with all quality requirements, mini audits assess compliance with the accessibility and transparency requirements by vetting ADR entities’ websites, annual reports and the trainings followed by staff. See Biard, A., On the Road to High-Quality Consumer ADR: the Belgian Experience, not yet published, sub 1.3.

42 An example is Italy where the Ministry of Economic Development, the national competent authority performing the function of single point of contact for the Commission, holds regular coordination and steering meetings (‘Tavolo di Coordinamento e di Indirizzo’) with the other Italian national competent authorities.

43 Reported by traders at the 2018 ADR Assembly and other ADR/ODR stakeholder events hosted by the Commission. The finding ties in also with traders’ use of the ODR platform and trader feedback gathered in the context of the Commission’s ADR/ODR communication campaigns. The Commission’s 2019 Consumer Conditions Scoreboard (not yet published) indicates that 64.6% of consumers complained directly to the retailer or service provider which represents an increase of more than 10 percentage points compared to 2016.
tested in some Member States being taken up in other Member States. A Union-wide community of ADR stakeholders is emerging.

While the availability and quality of ADR has been reinforced in the entire Union, the uptake of the new framework is diverse across Member States. Three groups of Member States can broadly be distinguished: (i) Member States with a highly developed pre-existing ADR culture (e.g. Finland), where there are no significant changes in the uptake of ADR; (ii) Member States with pre-existing, yet previously incomplete ADR landscapes (e.g. Germany), where there is an upward trend; and (iii) Member States with no pre-existing ADR tradition (e.g. Slovenia), where ADR uptake is still slow.

Overall, the new ADR framework is still underused. Based on the evidence gathered for this report, three main challenges can be identified that currently limit the framework’s full effectiveness:

(1) **ADR awareness and perceptions**

While overall ADR awareness has increased among both consumers and retailers, awareness levels are still insufficient in some regions and retail sectors. Overall, ADR awareness is lower in SMEs than in large retailers. Among both, consumers and traders, there are misconceptions about ADR and ADR entities. For example, consumers sometimes confuse ADR entities with the trader’s customer care service or perceive them as biased in favour of the trader, in particular when the ADR entity is linked to the trader or the trader’s business association or when the outcome of the ADR procedure confirms the trader’s position. Traders sometimes consider ADR entities to represent consumers’ interests and therefore perceive them as biased in favour of the consumer. The situation is compounded by the diversity of the ADR landscapes that feature a large array of ADR models, names and procedures.

(2) **Navigating the national ADR landscapes**

---

44 An example is the adoption of ‘naming and shaming’ mechanisms that originated in the Nordic countries by certain ADR entities in Southern Europe.


47 Biard, A., On the Road to High-Quality Consumer ADR: the Belgian Experience, not yet published, sub 2.2, suggests that the name of the Belgian residual ADR entity (‘Service de Médiation pour le Consommateur’/’Consumentenombudsdienst’) might contribute to a perception among traders that the ADR entity represents consumer interests and is therefore biased in favour of the consumer.

48 Research suggests that consumers’ perceptions of the fairness of an ADR procedure are triggered also by factors that are specific to the culture in the relevant Member State. For example, German consumers tend to value more formal and law-oriented procedures whereas UK consumers value more being listened to and being able to prevent others from having the same problem. Furthermore, consumers’ expectations vis-à-vis an ADR procedure are different when the ADR entity is a public body from when it is privately incorporated. See Creutzfeldt, N., Project Report: Trusting the middle-man: Impact and legitimacy of ombudsmen in Europe (2016), available at: https://www.law.ox.ac.uk/sites/files/oxlaw/ombuds_project_report_nc_2.pdf.
The diversity of ADR landscapes makes them difficult to navigate for consumers and traders, in particular in the Member States with a large number of certified ADR entities. Overall, there is less clarity about the ADR entity to which consumers and traders can turn when there is more than one ADR entity per retail sector. A specific difficulty in navigating a Member State’s ADR landscape arises when it features ADR entities whose scope is limited to specific aspects of a dispute in a given retail sector – to the effect that the consumer might need to turn to two ADR entities to have his or her issue dealt with fully.49

(3) Traders’ participation in ADR procedures

While overall traders’ participation in ADR has slowly, but steadily increased since 2014, currently only one in three retailers is willing to use ADR.50 This is clearly insufficient, even when taking into account that a significant number of retailers not using ADR settle disputes bilaterally with the consumer.51 Based on the flexibility that the Directive affords Member States in designing their national ADR landscapes, in a number of Member States ADR models have been developed or maintained that yield high participation rates. Such ADR models can be found in each of the following four categories:

i. models where the trader’s participation is mandated by national legislation;

ii. models where the trader’s participation is not mandated by legislation, but the trader is nonetheless bound to participate in the ADR procedure;52

iii. models where the trader is neither mandated by legislation nor otherwise bound to participate in the ADR procedure, but incentivised to do so through a specific mechanism;53 and

iv. models where the trader is neither mandated by legislation nor otherwise bound to participate in the ADR procedure, and where the trader is not incentivised to participate through a specific mechanism.54

However, in a number of regions and retail sectors the ADR models currently offered yield only insufficient participation rates for traders.

---

49 For example, in some Member States there is a sector-specific ADR entity that deals with disputes over EU passenger rights (e.g. statutory compensation for a delayed flight) while related issues (e.g. regarding a package travel) fall under the competence of the residual ADR entity.

50 According to the 2017 edition of the Consumer Conditions Scoreboard, just under a third of retailers (31.8%) are willing to use ADR, representing an increase by 1.6 percentage points from 2014 (see https://ec.europa.eu/info/sites/info/files/consumer-conditions-scoreboard-2017-edition_en.pdf at p. 66). The Scoreboard’s 2019 edition (not yet published) shows a further slight increase by 1.5 percentage points.

51 As demonstrated by the fact that the ODR platform triggers a direct settlement in up to 42% of cases (see below, section 4 a) 2)), by trader feedback gathered in the context of the Commission’s ADR/ODR campaigns and by the increasing number of consumers complaining directly to retailers (see above, footnote 43).

52 E.g. by way of the trader’s membership in a business association whose articles of incorporation contain a relevant commitment for its members; by way of a commitment made by the trader vis-à-vis the consumer (for example in the terms and conditions the trader uses for consumer contracts).

53 E.g. a ‘naming and shaming’ mechanism.

54 E.g. residual ADR entities where participation is voluntary and free of charge for traders.
To improve consumers’ and traders’ awareness and understanding of ADR and to increase the uptake of ADR, the Commission conducted ADR/ODR communication campaigns in 2016, 2017 and 2018. To improve ADR awareness and uptake specifically among SMEs, the Commission included a module on consumer ADR/ODR in the ‘Consumer Law Ready’ training programme for SMEs on consumer law. Furthermore, the Commission supported the exchange between ADR stakeholders, the creation of networks, discussions on best practice and the emergence of a Union-wide community of ADR stakeholders through a number of stakeholder events, including the 2018 ADR Assembly that brought together more than 350 representatives of the European ADR community. This included consumer and business representatives, regulators, academics and 187 representatives from ADR bodies. The Commission also supported ADR entities through grants to build their capacity.

Most Member States promoted the new ADR/ODR framework through communication activities at national, regional or local level. On the initiative of ADR entities, triggered also by the Commission’s stakeholder events, new ADR networks and formats for regular exchanges between ADR stakeholders were established. The emergence of a Union-wide community of ADR stakeholders has fertilised the exchange on effective ADR models and strategies to address the aforementioned challenges to its full effectiveness.

Examples of measures to improve the navigability of national ADR landscapes and reduce the risk of confusion

- Belgian law does not recognise company conciliation schemes (‘médiateurs d’entreprise’) as ADR entities under the Directive. Company conciliation schemes are prohibited by law from using terms like ‘ombuds’, ‘mediation’, ‘conciliation’, ‘arbitration’, ‘qualified entity’ or ‘alternative dispute resolution’ in order to avoid confusion with certified ADR entities. It is furthermore discussed if the term ‘ombudsman’ (‘service de mediation’/’ombudsdienst’) should be reserved to ADR entities established by law.

- Some Member States have created online portals that help consumers navigate the national ADR landscape and channel their complaints to the competent ADR entity.

- Some Member States consider introducing the requirement that an ADR entity would always need to cover all consumer disputes in a given retail sector (and not only disputes in part of the sector or only specific aspects of a dispute).

---

55 https://www.consumerlawready.eu
58 An example is Belgium where currently three portals are operated: Belmed (https://economie.fgov.be/belmed), the website of the Consumer Mediation Service (https://mediationconsommateur.be) and the online portal Point de contact/Meldpunt (https://pointdecontact.belgique.be/meldpunt). As reported by Biard, A., loc. cit., sub 2.1., a bill introduced in June 2018 into the Belgian federal parliament suggests to merge the three aforementioned online portals into one, since the multiplicity of online portals is itself perceived to increase the risk of confusing consumers.
59 See Biard, A., loc. cit., sub 2.2.
• In some Member States it is furthermore discussed if the number of certified ADR entities in a given retail sector should be limited to one.\(^{60}\)

• The Portuguese national competent authority has developed a set of standard procedural rules for ADR entities. Those standard procedural rules are currently used by seven out of the 12 certified ADR entities in Portugal.

• The Portuguese national competent authority has also produced an information template on ADR entities for traders to inform consumers.

Box 3

Examples of ADR models and measures to enhance trader participation in ADR procedures and compliance with ADR outcomes

• In some sectors (e.g. the energy sector), a number of Member States have made traders’ participation in ADR mandatory by way of national legislation.\(^{61}\)

• In Germany, a public ADR body was established for consumer disputes in the airlines sector. National legislation requires airlines to participate in ADR procedures before that body unless they adhere to a certified privately incorporated ADR entity. The legislation worked as an incentive for airlines to become members of an association operating an ADR entity in the passenger transport sector. Today, 44 of the association’s members are airlines. Through their membership in the association, the airlines accept the ADR entity’s rules of procedure as binding on them. In 2018, the ADR entity reached a settlement rate of 86% for airline disputes.\(^{62}\)

• In the Netherlands, the Consumer Dispute Boards Foundation (‘Stichting Geschillencommissies voor Consumentenzaken’) operates one general and over 50 sector-specific dispute resolution boards. The rules of procedure of the sector-specific boards (as well as the standard terms and conditions for relevant consumer contracts) are agreed by the business association and consumer organisation in the retail sector concerned. Through their membership in their business association traders are bound to participate in procedures before the sector-specific board and to comply with their outcome. Compliance is furthermore ensured through a guarantee scheme operated by the business association: If the board orders the trader to pay a sum of money to the consumer and the trader does not do so, the consumer can claim the sum directly from the business association.

• In Finland, participation in procedures before the three certified consumer ADR entities is voluntary for traders. The ADR procedures end in a non-binding

---


recommendation. ADR entities publish all major recommendations on their websites and monitor traders’ compliance with the recommendation through surveys sent to the consumer or to the trader. The compliance rate is between 80% and 100%.

- In Estonia, traders’ participation in ADR procedures before the Consumer Disputes Board (‘Tarbijavaidluste Komisjon’) is voluntary. However, if the trader does not participate in the ADR procedure, the Board has the power to determine the case based on a default procedure. If the trader fails to comply with the Board’s determination, the trader’s name is blacklisted (‘naming and shaming’).

- In Austria, participation in ADR procedures before the Consumer Conciliation Body (‘Schlichtung für Verbrauchergeschäfte’), Austria’s residual ADR entity, is voluntary for traders. Procedures are free of charge for both, consumers and traders. In 2018, traders participated in 77% of ADR procedures (with a settlement rate of 75%). This contrasts starkly with the situation in Germany where only 17% of traders participated in procedures before the General Consumer Conciliation Body (‘Allgemeine Verbraucherschlichtungsstelle’) whose ADR procedure is voluntary, but not free of charge for traders. In the currently ongoing parliamentary debate on reforming the German implementing legislation for the ADR Directive it is discussed whether in the future the fee scheme applying to the residual ADR entity should provide for incentives for traders, e.g. by stipulating that the trader’s first participation in a procedure before the residual ADR entity be free of charge.

- Similarly, at the 2018 ADR Assembly, it was proposed that in cases where the trader is not required (e.g. by way of national legislation; by way of the trader’s membership in the association operating the ADR entity; by way of a commitment vis-à-vis the consumer) to participate in the ADR procedure and the procedure cannot be provided free of charge for traders, the fee scheme operated by the ADR entity could be designed to ‘nudge’ traders towards participation – e.g. through per-case fees with incremental charges that reward the trader when the procedure can be concluded at an early stage.

Box 4

4. The application of Regulation (EU) No 524/2013

a) ODR platform

(1) Establishment and scope

The Commission launched the ODR platform in January 2016. The platform was opened to the public on 15 February 2016. In building the platform, the Commission was supported by

---

65 See Deutscher Bundesrat, Drucksache 197/1/19 of 27.5.2019, p. 7 (at para. 11).
an expert group composed of ODR experts designated by the Member States. Before the platform’s launch, the Commission had conducted three comprehensive testing exercises.\(^{66}\) The platform’s workflow is prescribed in the ODR Regulation. The Commission therefore designed the platform’s various interfaces in accordance with those legal specifications.\(^{67}\)

Only Belgium, Germany, Luxembourg and Poland have communicated to the Commission that their legislation allows for business-to-consumer disputes – i.e. disputes initiated by a trader against a consumer – to be resolved through ADR entities. Pursuant to Article 2(2) of the ODR Regulation the platform can therefore also be used for business-to-consumer disputes provided that they involve a consumer habitually resident in the aforementioned Member States.

Since 1 July 2017, the ODR platform has been accessible also for consumer disputes involving consumers and traders from the EEA countries Iceland\(^{68}\), Liechtenstein and Norway. To date, 460 ADR entities from all Member States, Liechtenstein and Norway are registered in the platform.

(2) Uptake

The Commission published reports on the ODR platform’s first and second year of functioning in 2017 and 2018.\(^{69}\) Since its launch, the platform has attracted more than 8.5 million visitors and 120 000 consumer-to-business disputes. About 56% of the disputes are domestic and 44% cross-border. Most disputes are about airlines (13.2%), followed by clothing and footwear (10.9%) and information and communication technology (6.8%). Consumers mostly complained about the delivery of the product or service (23%), followed by non-conformity with the order (15%) and the product being defective or causing damage (12%). Only in an insignificant 0.1% of cases was the platform used for business-to-consumer disputes.

In about 80% of disputes submitted to the ODR platform the case was closed automatically after 30 days because the trader had not reacted on the platform to the notification of the dispute and the invitation to propose an ADR entity to the consumer. Only in about 2% of cases did the parties agree on an ADR entity and was the platform therefore able to transmit the dispute to an ADR entity. However, in up to 42% of disputes submitted to the platform the parties settled the dispute bilaterally.\(^{70}\)

\(^{66}\) The testing exercises involved 120 ODR experts designated by the Member States, consumer organisations, trader associations and the European Disability Forum. The platform’s various interfaces were tested on the basis of real life scenarios; the feedback received directly fed into the platform’s development. See the first ODR Report, COM(2017) 744 final, at p. 3.

\(^{67}\) For an indicative graph on the platform’s workflow see the first ODR Report, COM(2017) 744 final, at p. 2.

\(^{68}\) Since Iceland has not implemented the ADR Directive yet (see above, section 3 a)), it has so far not notified any ADR entities. Consequently, the platform currently cannot transmit any disputes submitted against traders established in Iceland to an ADR entity.

\(^{69}\) The reports are accessible at [https://ec.europa.eu/consumers/odr/main/?event=main.statistics.show](https://ec.europa.eu/consumers/odr/main/?event=main.statistics.show).

\(^{70}\) See the Commission’s first and second ODR Reports, loc. cit. The findings are consistently confirmed by data on the platform’s use, ad hoc surveys and permanent exit surveys on the ODR platform.
The high number of visitors and complaints submitted to the platform demonstrate its very satisfactory uptake by consumers. The high number of direct settlements triggered by the platform shows the platform’s added value for facilitating a bilaterally agreed solution, including in cross-border disputes where the platform’s multilingualism and translation functions enable communication between the parties. However, the very low number of disputes that can be transmitted to an ADR entity indicates that the legally prescribed workflow on the ODR platform has two shortcomings: (i) the requirement that the parties need to agree on an ADR entity before the platform transmits the dispute to that ADR entity in practice works as an impediment to reaching an ADR entity; and (ii) by providing only a process geared towards channelling disputes to the competent ADR entity the platform only partially responds to the needs of its users who have demonstrated the platform’s considerable added value for facilitating communication and direct settlements between the parties.

To address the identified shortcomings, the Commission carried out an in-depth analysis of the platform’s workflows and user data. The platform’s homepage and messaging were overhauled and new information pages and a feedback system introduced. The Commission also conducted a targeted ADR/ODR communication campaign aiming to improve traders’ awareness of and engagement on the ODR platform. As a result, the number of traders registered in the platform increased by 54% in 2018 and by another 24% in the first five months of 2019. 80% of platform users are now satisfied with the platform’s functions. However, trader engagement in the process on the platform itself remains very limited. The Commission is therefore implementing an action plan aiming to make the platform more responsive to the needs of its users. This includes that the platform provides more targeted information on consumer rights and redress, better directs its users to the most appropriate redress tools and better facilitates direct settlements.

b) ODR contact points network

All Member States, Norway and Liechtenstein have designated an ODR contact point. 71 21 ODR contact points are hosted by the national European Consumer Centre. The contact points in seven Member States 72 are hosted by an authority, while the ODR contact point in Hungary is hosted by the Arbitration Board of Budapest, and the one in the UK by the Chartered Trading Standards Institute. In five Member States 73 the ODR contact points provide information and assistance only in the case of cross-border disputes. All other Member States,

---

71 Iceland has not designated an ODR contact point yet (cp. above, section 3 e).
72 France, Liechtenstein, Lithuania, Poland, Slovenia, Slovakia and Finland.
73 Germany, Ireland, Latvia, Finland and Sweden. In some of these Member States (e.g. Sweden) the ODR contact points nonetheless assist platform users with domestic disputes by redirecting them to an appropriate national or regional body. In Germany, the federal government has tabled a legislative bill proposing to extend the competences of the ODR contact point to cover also domestic disputes, see Deutscher Bundesrat, Drucksache 197/19 of 26.4.2019, p. 6 (at para. 13).
Liechtenstein and Norway have made use of their regulatory choice\textsuperscript{74} to require their ODR contact points to provide part or all of their services also in the case of domestic disputes.\textsuperscript{75}

The Commission has held twice-yearly network meetings with the ODR contact points since 2016 and maintains a collaborative IT tool where ODR contact points can exchange information and best practice. The network is fully operational and has received a substantial number of queries\textsuperscript{76}. The workload of the contact points broadly mirrors the relevant Member State’s share of the overall complaints submitted on the ODR platform, with a large group of contact points receiving more than 500 queries per year.

Most consumer queries concern the automatic closure of the case when the trader does not react on the platform within 30 days from submission of the complaint. A number of consumers confuse the ODR platform with an ADR entity. ODR contact points play an important role in providing clarity and managing user expectations regarding the ODR platform and ADR in general. In addition to performing their statutory tasks of assisting the users of the ODR platform, a number of ODR contact points also act as ambassadors for ADR/ODR, distributing information and organising events with a broad range of stakeholders, including business representatives.

c) ODR information

Article 14 of the ODR Regulation that requires online traders and marketplaces to provide a link to the ODR platform on their websites is an important tool not only for channelling consumers with a dispute to the ODR platform, but also to generally raise ADR awareness. At the end of 2017, the Commission conducted a webscraping exercise of websites operated by online retailers established in the Member States, Norway and Iceland to check compliance with Article 14 ODR of the Regulation.

The exercise showed that at the time the compliance rate was at 28%.\textsuperscript{77} Furthermore, the very high number of platform visits and the number of disputes submitted on the platform indicate that the ODR link is provided and used in a significant number of cases. While these results are encouraging, further efforts need to be made to ensure that the obligation under Article 14 ODR of the Regulation is fully enforced in all Member States and EEA countries.

5. Conclusion

\textsuperscript{74} See Article 7(3) and (4) ODR Regulation.
\textsuperscript{75} In this group of countries, only Cyprus and Slovakia limit the services their ODR contact points are required to provide in domestic cases: In Cyprus, the ODR contact point does not advise on general ADR rules, in Slovakia, the ODR contact point does not provide general information on consumer rights in domestic cases.
\textsuperscript{76} 85% of queries are from consumers, 13% from traders. Only a very small portion of queries originate from an ADR entity or another ODR contact point (1% each). The majority of countries have a roughly similar distribution of queries, with some exceptions: Lithuania (47% trader queries) or UK (99% consumer queries). 79% of queries was made outside the system (i.e. by e-mail or telephone), even when related to a particular case lodged on the platform.
\textsuperscript{77} 28% of online retailers provided the link to the ODR platform, with considerable variation across Member States, retail sectors and differently-sized webshops.
Consumer ADR and ODR has become an integral part of the EU’s toolbox for the public and private enforcement of consumer law. Today, EU consumers have access to high-quality ADR procedures across the Union and in virtually all retail sectors, regardless of whether the dispute is domestic or cross-border and whether the purchase was made online or offline.

The European ODR platform provides a centralised and multilingual hub for resolving online disputes, triggering a direct settlement in up to 42% of cases. However, about one year after full ADR coverage has been achieved and three-and-a-half years after the launch of the ODR platform, the ADR/ODR framework is underused and has yet to reach its full potential. Current challenges include ADR awareness and perceptions, the navigability of national ADR landscapes and traders’ uptake of ADR. Furthermore, the workflow on the ODR platform currently only partially reflects demonstrated user needs.

The European legislative framework for consumer ADR and ODR rests on a logic of shared responsibility and cooperation. The diversity of the national ADR landscapes and the exchanges between ADR stakeholders across Member States have created an ‘ADR laboratory’ where ADR models and design options are compared and critically assessed and emerging best practice is identified, shared and increasingly implemented.

The Commission will continue to facilitate the development of a Union-wide community of ADR stakeholders including, inter alia, ADR entities, consumer and business representatives, national competent authorities, regulators and academics. In that context, the Commission will for example convene the second Union-wide ADR Assembly in 2020, further promote ADR and ODR in its 2019 communication campaign on consumer law and continue to support the capacity building by ADR entities through grants. The Commission will also further improve the ODR platform, including by making the platform better respond to the needs of its users by providing more targeted information on consumer rights and redress, better directing users to the most appropriate redress tools and better facilitating direct settlements.
(1) Tools regarding the enforcement of consumer rights through dispute resolution procedures initiated by the consumer or an entity representing consumers’ interests (private law enforcement)

a) Dispute resolution in judicial procedures before Member State courts

- Regulation (EU) No 1215/2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (‘Brussels I’)\(^78\) that ensures that in certain cross-border disputes over consumer contracts\(^79\) the consumer can sue the trader (and be sued by the trader only) before the courts of the Member State in which the consumer is domiciled;

- Directive 2009/22/EC on injunctions for the protection of consumers’ interests\(^80\), that provides for representative actions (before a court or an administrative authority – depending on the legal system in the Member State concerned) under which qualified entities can request injunctive relief for consumer law infringements harming the collective interest of consumers. In its ‘New Deal for Consumers package’, the Commission has proposed to replace the Directive with a Directive on Representative Actions that would enable qualified entities to also make applications for collective redress;\(^81\)


b) Dispute resolution in procedures before alternative dispute resolution mechanisms

- EU legislative framework for consumer ADR and ODR established by the ADR Directive and the ODR Regulation;

---

\(^79\) See Articles 17 et seqq. of Regulation (EU) No 1215/2012.
\(^80\) OJ L 110, 1.5.2009, p. 30.
\(^84\) Although both instruments are not limited to consumer disputes, they can constitute effective tools also for privately enforcing consumer law. For both instruments the jurisdiction rules of Regulation (EU) No 1215/2012 for consumer cases apply in principle; for the European order for payment procedure Art. 6(2) of Regulation (EC) No 1896/2006 affords additional protection in that all cases against consumers can only be brought in the Member State in which the consumer is domiciled.
- Commission Recommendations 98/257/EC and 2001/310/EC, applicable to consumer dispute resolution mechanisms that are not certified as ADR entities under the ADR Directive;

- Network of European Consumer Centres (ECC-Net) that offers consumers free advice and assistance regarding issues about cross-border purchases of a product or service. The assistance includes making a contact with the trader and, where necessary, identifying and advising on the ADR entity competent to deal with the case.

(2) **Tools regarding the enforcement of consumer law through enforcement measures taken by Member States’ enforcement authorities (public law enforcement)**

- Regulation (EU) 2017/2394 on cooperation between national authorities responsible for the enforcement of consumer protection laws and repealing Regulation (EC) No 2006/2004 (‘CPC Regulation’) \(^{85}\) that establishes a coordination and cooperation mechanism for public enforcement actions carried out by Member States’ enforcement authorities.

---

ANNEX II

Statistical data sheet

NB: Unless otherwise indicated, the graphs reflect the data as on 1 July 2019

ADR coverage – number of notified ADR entities per country

<table>
<thead>
<tr>
<th>Country</th>
<th>Nb of entities</th>
</tr>
</thead>
<tbody>
<tr>
<td>FR</td>
<td>99</td>
</tr>
<tr>
<td>UK</td>
<td>59</td>
</tr>
<tr>
<td>IT</td>
<td>43</td>
</tr>
<tr>
<td>DE</td>
<td>27</td>
</tr>
<tr>
<td>DK</td>
<td>25</td>
</tr>
<tr>
<td>PL</td>
<td>22</td>
</tr>
<tr>
<td>ES</td>
<td>21</td>
</tr>
<tr>
<td>HU</td>
<td>16</td>
</tr>
<tr>
<td>BG</td>
<td>12</td>
</tr>
<tr>
<td>NO</td>
<td>11</td>
</tr>
<tr>
<td>SI</td>
<td>8</td>
</tr>
<tr>
<td>AT</td>
<td>8</td>
</tr>
<tr>
<td>HR</td>
<td>8</td>
</tr>
<tr>
<td>SK</td>
<td>7</td>
</tr>
<tr>
<td>CZ</td>
<td>7</td>
</tr>
<tr>
<td>LV</td>
<td>7</td>
</tr>
<tr>
<td>MT</td>
<td>6</td>
</tr>
<tr>
<td>SE</td>
<td>5</td>
</tr>
<tr>
<td>EL</td>
<td>4</td>
</tr>
<tr>
<td>LT</td>
<td>4</td>
</tr>
<tr>
<td>LX</td>
<td>4</td>
</tr>
<tr>
<td>CY</td>
<td>4</td>
</tr>
<tr>
<td>EE</td>
<td>4</td>
</tr>
<tr>
<td>IR</td>
<td>4</td>
</tr>
<tr>
<td>LIE</td>
<td>4</td>
</tr>
<tr>
<td>NL</td>
<td>4</td>
</tr>
<tr>
<td>FI</td>
<td>3</td>
</tr>
<tr>
<td>RO</td>
<td>1</td>
</tr>
</tbody>
</table>
ADR awareness and uptake among retailers

Source: Consumer Conditions Scoreboard, 2019 edition (not yet published), covering the period 2016-2018. Survey on retailer attitudes towards cross-border trade and consumer protection: Do you know any Alternative Dispute Resolution bodies for settling disputes with consumers in (OUR COUNTRY)? Base: EU27_2019 respondents (N=9 796)

*Full ADR coverage was achieved only at the end of 2018.

ODR platform – number of complaints submitted per month
ODR platform – domestic/cross-border disputes

Cross-border: 44%
Domestic: 56%

ODR platform – consumer complaints by top retail sectors

- Airlines: 13%
- Clothing and footwear: 11%
- ICT goods: 7%
- Electronic goods: 5%
- Furnishings: 4%
- Leisure goods: 3%
- Spare parts and accessories for vehicles: 3%
- Mobile telephone services: 3%
- Large domestic household appliances: 2%
ODR platform – consumer complaints by grievances

*Defective/cause of damage*: 12%

*Delivery*: 23%

*Invoicing/billing*: 10%

*Not in conformity with order*: 15%

*Other*: 34%

*Warranty/guarantee*: 6%

ODR contact points – queries by origin

*Consumers*: 85%

*Traders*: 13%

*ADR entity*: 1%

*Other ODR CP*: 1%

*Other ODR CP*: 1%